

**SILVER STATE ENERGY ASSOCIATION  
BOARD OF DIRECTORS MEETING**

**OCTOBER 3, 2007  
MINUTES**

**Call to Order  
9:40 A.M.**

Colorado River Conference Room 1, Southern Nevada Water Authority  
100 City Parkway, Suite 700, Las Vegas, Nevada

**DIRECTORS PRESENT:**

James Salo, Colorado River Commission; Ned Shamo, City of Boulder City; John Mathews, Lincoln County Power District No. 1; Richard Wimmer, Southern Nevada Water Authority; Dr. Larry Moses, Overton Power District No. 5

**STAFF PRESENT:**

Scott Krantz, Chuck Hauser

**CALL TO ORDER**

In the absence of a chairman of the board, the first meeting was called to order by Scott Krantz, who noted that the meeting was noticed and posted in accordance with the Nevada Open Meeting law.

**ITEM NO.**

**Unless otherwise indicated, members present unanimously voted in the affirmative.**

**1. INTRODUCTION OF THE BOARD OF DIRECTORS AND THE WORKING GROUP STAFF**

Scott Krantz asked the Board of Directors to introduce themselves. Larry Moses, Overton Power District; Jim Salo, Colorado River Commission (CRC); Dick Wimmer, Southern Nevada Water Authority; John Mathews, Lincoln County Power District; and Ned Shamo, City of Boulder City introduced themselves. Scott introduced himself as a Working Group member from the Southern Nevada Water Authority (SNWA) and asked the other Working Group members to introduce themselves. Delmar Leatham, Overton Power District; Mendis Cooper, Overton Power District; John Evans, Southern Nevada Water Authority; Gail Bates, Colorado River Commission; Dave Luttrell, Lincoln County Power District; and Mick Lloyd, Lincoln County Power District introduced themselves. Ned Shamo commented that he was a member of the Working Group when the City of Boulder City Council appointed him to the Board of Directors. Chuck Hauser, SNWA Legal Counsel, was introduced.

## **2. SELECT A CHAIR AND VICE CHAIR**

**FINAL ACTIONS:** A motion was made by Dick Wimmer and seconded by Larry Moses to nominate Jim Salo as the Chairman of the Board of Directors. The motion was approved.

A motion was made by Ned Shamo to nominate Dick Wimmer as Vice Chair of the Board of Directors. The motion was approved.

## **3. APPOINT AN SSEA MANAGER**

**FINAL ACTION:** A motion was made by Jim Salo recommending Scott Krantz as the Manager of the Silver State Energy Association (SSEA). The motion was approved.

## **4. RECEIVE AN OVERVIEW OF ACTIVITIES LEADING UP TO THE ESTABLISHMENT OF THE SSEA**

Scott Krantz described activities leading up to the establishment of the SSEA. Common interests brought the members – Lincoln County Power District, Overton Power District, Boulder City, CRC, and SNWA – together. Initially, the members, except CRC, independently became participants in the Intermountain Power Project Unit 3 (IPP 3), which is a coal-fired plant at Delta, Utah, because all needed a new generating resource. The members then began informally coordinating their participation in the development process and in efforts to secure transmission because they were the only entities that needed the new transmission path to get the power back to southern Nevada. A Memorandum of Understanding (MOU) No. 1 was signed in September 2006 to begin studying transmission feasibility options. That work resulted in identification of a new 230 kV transmission line that was able to meet the members' power requirements from IPP 3.

Subsequently, MOU No. 2 was signed in May 2007 to further develop the joint transmission and generation projects. That process required some environmental planning for the transmission line, the Western Energy Coordinating Council transmission rating process, the development of the SSEA Cooperative Agreement, project agreements for IPP 3 and the transmission line, and a financing agreement with CRC. The scope of work under MOU No. 2 is not complete yet. IPP 3 development was blocked by the existing California participants in Units 1 and 2. Therefore, the project agreement for IPP 3 was not needed. The transmission rating process has been deferred until the northern leg can be identified more clearly. The project agreements for a transmission project and the financing agreement with CRC are in draft form. The environmental work was split up to remove the northern part of the transmission leg up to IPP 3 when IPP 3 stopped progress; however, environmental planning for the southern portion of the transmission leg – Newport to Tortoise to Gemmill – is almost complete.

The potential benefits of the SSEA from the economies of scale, shared resources and broader expertise pool are improved project development opportunities, lower project development and energy management costs, improved power purchasing ability, enhanced legal and regulatory coverage at lower cost, enhanced ability to integrate renewable energy solutions, and portfolio benefits of combining loads from various resources for joint management.

## **5. APPROVE NEW PROPOSED PROJECTS**

Scott Krantz asked that the Board approve two new projects for staff to begin pursuing for further development. He emphasized that Board approval of the projects does not indicate approval of the actual construction, development, design, etc., of the projects. Board approval would mean that staff can begin putting together definitive Project Services Agreements that will be brought before the Board at a later date.

### **a. EASTERN NEVADA TRANSMISSION PROJECT**

Scott Krantz stated that the Eastern Nevada Transmission Project, which started as an effort to bring transmission from IPP 3 to the members' various loads, is not defined as far as the exact routing and points. Scott distributed handouts of a map to the Board showing potential interconnection points to give a reference of where geographically the points are located. The transmission path is not labeled on the map because it has not been identified yet. Upon Board approval, staff would begin putting together a Project Services Agreement that will identify the exact path to meet the needs of the SSEA. There is no budget associated with this project at this phase. Per the Cooperative Agreement, at this phase each of the members will jointly contribute and develop the Project Services Agreement with no SSEA funds required.

**FINAL ACTION:** A motion was made by Dick Wimmer and seconded by Larry Moses to approve the Eastern Nevada Transmission Project. The motion was approved.

### **b. GENERATION RESOURCE PLANNING AND EVALUATION PROJECT**

Scott Krantz indicated that Board approval is requested for the initial phase of the Generation Resource Planning and Evaluation Project, which would identify, evaluate and plan potential new generation resources to include feasibility, cost reliability, environmental considerations, permitting and other considerations deemed important to project participants. Blockage of the IPP 3 created the need for all participants to develop a replacement baseload resource to meet their growing loads. Participating jointly in resource evaluation will provide efficiencies and economies of scale as well as joint transmission opportunities.

**FINAL ACTION:** A motion was made by Jim Salo to approve proceeding with the Generation Resource Planning and Evaluation Project. The motion was approved.

## **6. APPROVE PROPOSED ADMINISTRATIVE AND GENERAL BUDGET**

Gail Bates gave a summary of the proposed Administrative and General Budget for the period of October 2007 through June 30, 2008. As required by the Cooperative Agreement, a new budget will be prepared in April for the next fiscal year of July 1, 2008 through June 30, 2009. Included in the initial budget are labor and operating expenses for general and administrative support of the organization. A breakdown of the labor expenses includes management of the organization, Scott Krantz's time, administrative support, meeting expenses, financial support, and a limited amount of legal support. The intention is to borrow existing labor from both CRC and SNWA to fulfill all of these functions. Included in the budget is a minimal amount of expenses for printing and copying and travel and lodging in case Mr. Krantz, as the Manager of the organization, may have to travel. Audit fees and expenses consume the biggest part of the operating budget. An audit scope tailored to the needs of the organization will have to be defined.

Doug Beatty explained that the auditors, either CRC auditors or SNWA auditors, will do a limited scope, agreed-upon procedures audit. Staff will meet with the auditors and agree upon some items they will review and report on, resulting in an audit opinion that indicates the agreed-upon procedures and describes the findings. It was noted that before assigning the audit, the Board would be asked to approve the scope of the audit.

Jim Salo mentioned that the agreement and bylaws require the Board to designate the location of the SSEA offices. It was a consensus of the Board that Scott Krantz's office at SNWA, 100 City Parkway, Suite 700, will be considered the office of the SSEA. To fully formalize the Board's consensus, it was agreed that this item would be placed on the next agenda.

**FINAL ACTION:** A motion was made by Dick Wimmer and seconded by Ned Shamo to approve the Administrative and General Budget. The motion was approved.

## **7. APPROVE PROPOSED WORKING CAPITAL PROCEDURES**

Scott Krantz stated that in order to manage the cash flows of the expenses and the way the Administrative and General Budget will be billed, some working capital is needed. The bylaws of the agreement require that a procedure is developed and brought to the board for approval.

Gail Bates explained the way it is intended to bill for and collect the Administrative and General revenues and expenses. The annual budget will be divided by 12 to get the monthly amount, which will be divided equally among all of the members with the exception of the CRC. The reason for the working capital, established to be three months' worth of budgeted expenditures, is to handle any differences there may be in monthly cash flows. Each month a statement would be prepared for each of the members that shows what the actual monthly expenses are, the revenues collected in Administrative and General, any working capital balances, and interest on that working

capital. At the end of the year, the amount of working capital left in the account would be applied to next year's working capital needs.

FINAL ACTION: A motion was made by Dick Wimmer to approve the Working Capital Plan as presented. The motion was approved.

## **8. DISCUSS AND SELECT FUTURE MEETING SCHEDULE**

Jim Salo noted that the agreement requires quarterly meetings be held, at a minimum. Dick Wimmer suggested the Wednesday after the first Tuesday of each quarter. It was the consensus of the Board that the next quarterly board meeting would be in January on the first Wednesday after the first Tuesday.

Jim Salo requested that the Board set another meeting in a month to address some issues that are anticipated to come forward, including approval of the Project Services Agreement for the Generation Resource Planning and Evaluation Project. It was the consensus of the Board that the next Board Meeting would be held on the 7<sup>th</sup> of November at 9 a.m. and the location for future meetings would be at the SNWA offices.

Dick Wimmer made an administrative suggestion with regard to future agendas. It was the consensus of the Board that the format of the agenda items will clearly indicate the petitioner (either staff or board member), what the recommended action is, some kind of fiscal impact, the necessary background, and any pertinent backup information would be attached.

## **9. PUBLIC COMMENT**

There were no speakers wishing to be heard.

## **ADJOURN**

There being no further business to come before the Board, the meeting adjourned at approximately 10:53 a.m.